

## **Information Services Board Briefing Paper on the Portfolio Management Policy and Related Policies and Standards**

Prepared by Stan Ditterline, DIS/MOSTD, (360) 902-3574.

### **Description**

Like the management of financial investments, the management of investments in Information Technology (IT) requires a holistic approach that addresses all components of a portfolio. Portfolio management provides each agency director a comprehensive view of its entire IT investment including infrastructure, personnel, applications and projects. The portfolio also serves as a tool for agencies and the Information Services Board (ISB) to manage risk. Like any tool, to be effective, it must be updated to reflect environmental changes. Since the inception in 1998, portfolio management has moved from pilot, to voluntary agency adoption to legislative mandate. During this same period of time, agencies have initiated smaller size but higher visibility projects aimed at providing digital government to state citizens. These changes necessitate a corresponding change to the policies and standards related to portfolio management and IT investments. The proposed changes include: the Information Technology Portfolio Management Policy, the IT Investment Policy, the IT Disaster Recovery Policy, the IT Security Policy, the IT Portfolio Structure and Content Standards, and the IT Security Standards.

### **Background**

In January 1998, the ISB adopted the concept of portfolio management in the Executive Guide to Managing Information Technology Portfolios. The guide asserts the importance of stewardship of IT investments as "a vital public asset." It establishes 13 guiding principles of portfolio management. The guide also documents the project oversight, severity and risk matrices that are keystones to the portfolio project risk-based management model.

In May 1999, the ISB adopted a collection of policies and standards that fully document the requirements and content of IT portfolios. These included three major documents: the Portfolio Management Policy, the IT Portfolio Structure and Content Standards, and the Annual Portfolio Review Policy. In recognition of the impact and benefits of the portfolio management process, the Department of Information Services (DIS) Portfolio Management team was awarded the Governor's Award for Service and Quality Improvement in July 1999.

### **Status**

On behalf of the ISB, the Department of Information Services (DIS) initiated a project in July 2001 to update the portfolio management and investment-related policies and standards. The project, which is part of the DIS Director's Performance Agreement with the Governor, is entitled Portfolio II.

The purpose of the project is to update policies and standards to bring them in compliance with legislation that requires portfolio management and to reflect changes in the nature of agency IT projects. The project team consists of the five senior technology management consultants from the DIS Management and Oversight of Strategic Technologies Division (MOSTD) with assistance from other MOSTD staff members and review by a DIS Customer Advisory Board (CAB) subcommittee.

The MOSTD consultants drafted proposed changes to the policies and standards and then met with a Portfolio II subcommittee of the CAB four times between October 2001 and January

2002. The policies and standards were modified based on comments and suggestions provided by the subcommittee.

**Issues**

The policy and standards changes address the following areas:

- Elimination of the Annual Portfolio Review Policy by including the annual update requirements as part of the Portfolio Management Policy.
- Modification of the Portfolio Management Policy to require an annual memo from agency directors due August 31 certifying that the agency has complied with the portfolio update requirements in the policy.
- Modification of the Disaster Recovery Policy and Standards to require an annual memo from agency directors certifying that the agency has complied with the disaster recovery policy requirements and aligning the due date with the portfolio update so that agency directors can combine them.
- Modification of the IT Security Policy so that the due date of the security policy compliance certification corresponds with and can be incorporated into the disaster recovery and portfolio update compliance memo.
- Modification of the IT Investment Policy to eliminate the \$250,000 delegated authority when agencies lack a portfolio but have complied with IT Investment Policies and Standards.
- Modification of the IT Investment Policy to establish \$50,000 and \$250,000 delegated authority tiers for smaller agencies.
- Modification of the Severity, Risk and Oversight Matrices in the Portfolio Structure and Content Standards in recognition of higher visibility, lower cost, and shorter duration projects associated with digital government.

**Recommendation**

DIS recommends the approval of the proposed changes to the ISB policies and standards.